

# **Exhibit C**



**THE PORT AUTHORITY OF NY & NJ**

**TO:** All Commissioners  
**FROM:** Christopher O. Ward, Executive Director  
Bill Baroni, Deputy Executive Director  
**DATE:** August 5, 2011  
**COPY TO:** D. Buchbinder, K Eastman, M. Fabiano, J. Loftus, P. O'Reilly, D. Warshaw,  
D. Wildstein

In light of The Port Authority of New York and New Jersey's current capital program and constrained financial condition, we are recommending an immediate toll and fare increase in order to prevent a devastating impact to the region's transportation infrastructure and economic health. As a direct result of the agency's financial condition, the PA will not have the financial ability to access the capital markets in order to complete current projects in the capital plan. This would deprive the agency of the cash it needs to continue hundreds of capital projects throughout the region. These projects include health, safety, and security projects on facilities including bridges and tunnels, the region's airports, and the PATH train system. Finally, a lack of a toll and fare increase and inability to complete the capital plan would likely result in adverse rating agency actions that could lead to a downgrade of the agency's bond rating.

The suspension of these projects will significantly and immediately harm the region's economy. Together, the suspension of these projects, in both states, would immediately eliminate 3,900 jobs. The value of these projects is \$483 million. Over the lifetime of these suspended projects, more than 40,000 jobs would be lost for a total of \$9.3 billion in economic activity for the region.

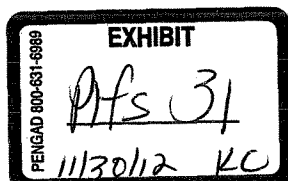
These projects address safety and security within the port district, including: security bollards and guard posts at our airports; fire alarm upgrades; replacement of the suspender rope replacement at the GW Bridge; and rehabilitation of the Lincoln Tunnel helix.

In addition, if the current financial position of the agency continues without a toll and fare increase, construction at the World Trade Center site would be affected later this fall. Specifically at One World Trade Center and the other commercial infrastructure on the site.

The causes of this urgent need for a toll and fare increase are many. The 2008 economic recession which caused a severe reduction in Port Authority income projections; the cost of rebuilding the World Trade Center site, which is now more than \$11 billion; and more than \$6 billion in security-related expenses since 9/11, which have nearly tripled from pre-9/11 annual budgets.

The attached document defines the specifics of this proposal. A public announcement will be made shortly detailing this proposal. The required notice of public hearings will appear in the newspaper tomorrow, and a series of public meetings in both states will take place on August 16, 2011. A Special Board meeting will be called for August 19, 2011 to consider the findings of the public hearing process and staff's recommended toll and fare plan.

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**FOR IMMEDIATE RELEASE**

**August 5, 2011**

**CONTACT:** The Port Authority of New York and New Jersey  
Steve Coleman or Ron Marsico, 212 435-7777

**FACED WITH CONSTRAINED CAPACITY DUE TO HISTORIC ECONOMIC RECESSION, COUPLED WITH BILLIONS IN WTC AND POST 9-11 SECURITY COSTS, AND UNPRECEDENTED NEED FOR INFRASTRUCTURE OVERHAUL, PORT AUTHORITY PROPOSES TOLL AND FARE INCREASE**

- Proposal comes after three-consecutive years of 0 percent growth in operating expenses, \$5 billion in cut projects, and billions more deferred
- \$2.6 billion revenue decline from original capital plan projections due to economic recession, over \$11 billion necessary to rebuild WTC, and \$6 billion in required security costs
- Failure to act risks 240 critical infrastructure projects, immediate loss of 3,900 construction jobs and \$438 million in investment in 2011 alone

Faced with three unprecedented challenges at once – (1) an historic economic recession that has sharply decreased revenue below projections, (2) steep increases in post-9/11 security costs, which have nearly tripled, and the overall cost of the WTC rebuilding, and (3) the need for the largest overhaul of facilities in the agency's 90-year history – the Port Authority of New York and New Jersey today proposed a two-phase toll and fare increase to fully fund a new \$33 billion ten-year capital plan, which will generate 167,000 jobs.

The proposal comes only after the Port Authority initiated an aggressive cost-cutting plan started in 2008 to manage its resources as the impact of the economic recession became clear: cutting \$5 billion in capital projects and deferring billions more; holding operating expenses at zero-growth for three consecutive years; and cutting agency headcount to the lowest levels in 40 years – an 11% reduction of non-police staff in the last five years.

The Port Authority does not receive tax revenue, making its toll and fare structure the primary way to fund the region's critical interstate transportation network. At this point, after a multi-year effort to control spending in recognition of declining capital capacity, failure to act risks 240 critical infrastructure projects and thousands of jobs, and will prevent the overhaul of the agency's aging facilities.

The factors leading to the agency's financial position include:

- An historic economic recession during which the agency's revenue declined \$2.6 billion from projections made when the agency's original ten-year capital plan was sized.  
Example: 11 million less vehicles are crossing our bridges and tunnels – it will take until

Ex J

2020 to reach the levels we projected we would be at in 2011.

- More than \$11 billion in funding necessary to rebuild the WTC site.
- \$6 billion in increased security requirement costs since the September 11 attacks, nearly tripling security expenditures from pre-9/11 annual budgets (180% increase).
- The need for the largest overhaul in agency facilities in its 90-year history.

The new 10-year capital plan would deliver significant economic benefits to the region including the generation of 167,000 jobs, \$38.4 billion in sales, and \$9.7 billion in wages within the 17-county New York-New Jersey Port District.

The agency's proposed toll structure, which would be adjusted in September 2011 and in 2014, focuses the greatest increase on cash users and trucks that cause the most traffic congestion and wear and tear. In addition, the agency proposes raising the PATH fare in September 2011, while fully preserving PATH's deep discount for multi-trip users.

Projects contingent on the proposed toll/fare plan include:

- The first replacement of all 592 suspender ropes at the 80-year old George Washington Bridge, the world's busiest crossing, joining other suspension bridges like the Golden Gate and RFK, which have already replaced theirs. (\$1 billion)
- The replacement of the Lincoln Tunnel Helix. It will require major lane closures and load restrictions if not replaced. (\$1.5 billion)
- The raising of the Bayonne Bridge, which will solve the current clearance problem, preventing the post-PANAMAX ships from accessing key ports. (\$1 billion)
- A new bus garage connected to the Port Authority Bus Terminal, which will serve as a traffic reliever to the Lincoln Tunnel and midtown Manhattan streets, saving two-thirds of the empty bus trips that must make two extra trips through the Tunnel each day. (\$800 million)
- Significant security investments at the region's airports, including the installation of security barriers. (\$360 million)

The Port Authority also plans to direct 100 percent of the revenue from the proposed PATH fare increase back into the PATH system to complete projects that will replace 340 PATH cars, replace the 100-year-old signal system and duct bank network, upgrade PATH security with tunnel hardening and flood mitigation measures, and rehabilitate the system's aging stations, including new 10-car platforms.

To fund these major transportation and security projects, the Port Authority's toll/fare proposal calls for:

- Tolls for autos using E-ZPass on the Port Authority's crossings to increase from \$6 to \$10 roundtrip for off-peak travel and from \$8 to \$12 in peak hours. An additional \$2 increase during peak and off-peak hours will be implemented in 2014.
- A cash toll surcharge of \$3 to increase the cash rate from \$8 to \$15 in 2011 for the 25 percent of toll-payers who still use the optional cash system, similar to the MTA. The surcharge is expected to increase the E-ZPass market share to approximately 85 percent, which will reduce travel delays during the peak of traffic congestion by 10-20 minutes. The surcharge will increase by an additional \$2 in 2014.
- Truck tolls per axel using E-ZPass off-peak to increase from \$7 to \$13 roundtrip and peak from \$8 to \$14, with an additional \$2 per-axle-increase in 2014 for both off-peak and peak hours. A similar cash surcharge of \$3 per axle will be applied to trucks in 2011 that continue to use the optional cash system with an additional \$2 per axle in 2014.
- To further incentivize trucks to cross during the overnight period to reduce congestion during the day, there will be no toll increase on trucks who cross during the overnight discount period and we will expand this overnight period an extra two hours each weekday night from 10 p.m. to 6 a.m (previously 12 a.m. to 6 a.m.). This will result in a 61% discount for a typical two-axel truck which will continue to pay \$11 overnight as compared to the \$28 toll in 2011 for the same truck using E-ZPass during the peak period. Truck traffic results in the greatest wear and tear on the bridges and tunnels – a fully-loaded tractor trailer causes as much damage to roadway surfaces as 10,000 passenger cars.
- Fully preserving the Staten Island Bridge "Discount Plan" for E-ZPass users, giving these frequent users a 50 percent toll discount on the peak E-ZPass toll. In addition, qualified energy efficient vehicles with GreenPasses will see no toll increase during off-peak hours in 2011, and the car-poolers discount rate is preserved in 2011 with a 50 percent discount off the E-ZPass peak hour rate. Both GreenPasses and car-poolers would see a \$2 increase in 2014.
- The base PATH fare would increase from \$1.75 to \$2.75 in 2011, with the average fare increasing to \$2 from \$1.30 given the steep 25 percent discount, which will be fully preserved. The 30-day unlimited pass will increase to \$89 from \$54.

Before the Board of Commissioners considers a final toll/fare plan at a Board meeting on August 19, the agency has announced a public hearing schedule with nine total hearings across both states, which will be held at the following times and places:

Newark Liberty International Airport  
1 Conrad Road  
Building 157, Bay 3  
Newark, NJ 07114

973-961-6161

8 a.m.

Port Authority Technical Center

241 Erie Street, Room 212

Jersey City, NJ 07310

201-216-2700

8 a.m.

Port Ivory/Howland Hook

40 Western Ave.

Staten Island, NY 10303

718-330-2950

8 a.m.

Port Authority Bus Terminal

625 8th Avenue

Times Square Conference Room – 2nd Floor

New York, NY 10018

212-502-2240

8 a.m.

George Washington Bridge Administration Building

220 Bruce Reynolds Way

Conference Room

Fort Lee, NJ 07024

201-346-4005

6 p.m.

Holland Tunnel Administration Building,

13<sup>th</sup> Street & Provost Street

Conference Room

Jersey City, NJ 07310

201-360-5021

6 p.m.

George Washington Bridge Bus Station

4211 Broadway

Lower Level Conference Room

New York, NY 10033

201-346-4005

6 p.m.

John F. Kennedy International Airport

Port Authority Administration

Building 14, 2nd Floor Conference Room

Jamaica, NY 11430  
718-244-3501  
6 p.m.

Online Hearing, 2 p.m.  
[www.panynj.gov](http://www.panynj.gov)

end

*The Port Authority of New York and New Jersey, which is self-sufficient and does not receive tax dollars from either state, operates many of the busiest and most important transportation links in the region. They include John F. Kennedy International, Newark Liberty International, LaGuardia, Stewart International and Teterboro airports; AirTrain JFK and AirTrain Newark; the George Washington Bridge and Bus Station; the Lincoln and Holland tunnels; the three bridges between Staten Island and New Jersey; the PATH (Port Authority Trans-Hudson) rapid-transit system; Port Newark; the Elizabeth-Port Authority Marine Terminal; the Howland Hook Marine Terminal on Staten Island; the Brooklyn Piers/Red Hook Container Terminal; the Port Authority-Port Jersey Marine Terminal and the Port Authority Bus Terminal in midtown Manhattan. The agency also owns the 16-acre World Trade Center site in Lower Manhattan.*

## Notice of Public Hearings

The Port Authority of New York and New Jersey is seeking the public's comments on toll and fare increases on the bridge, tunnel and Port Authority Trans-Hudson (PATH) rail system components of the Port Authority's Interstate Transportation Network.

### Toll Proposal:

George Washington Bridge, Lincoln Tunnel, Holland Tunnel, Goethals Bridge, Outerbridge Crossing, Bayonne Bridge

Tolls are collected entering New York. No tolls are collected entering New Jersey.

Current peak hours: Weekdays 6-9 a.m., 4-7 p.m.; Sat. & Sun. 12 noon - 8 p.m. Proposed peak hours: Weekdays 6-10 a.m., 4-8 p.m.; Sat. & Sun. 11 a.m. - 9 p.m.

Current off-peak hours: All other times and six holidays. Proposed off-peak hours: All other times.

Current weekday overnight hours for trucks: 12 Midnight - 6 a.m. weekdays. Proposed weekday overnight hours for trucks: Sunday - Thursday beginning at 10 p.m. - 6 a.m.

Class 1 vehicles - two axles, single rear wheels: E-ZPass off-peak will increase from \$6.00 to \$10.00 in 2011 and to \$12.00 in 2014; E-ZPass peak will increase from \$8.00 to \$12.00 in 2011 and to \$14.00 in 2014; and cash tolls at all times will increase from \$8.00 to \$15.00 in 2011 and to \$17.00 in 2014.

Class 2 vehicles - two axles, dual rear wheels: E-ZPass off-peak will increase from \$14.00 to \$26.00 in 2011 and to \$30.00 in 2014; E-ZPass peak will increase from \$16.00 to \$28.00 in 2011 and to \$32.00 in 2014; E-ZPass weekday overnight for trucks will remain at \$11.00 in 2011 and increase to \$15.00 in 2014; and cash tolls at all times will increase from \$16.00 to \$34.00 in 2011 and to \$38.00 in 2014.

Class 3 vehicles - three axles: E-ZPass off-peak will increase from \$21.00 to \$39.00 in 2011 and to \$45.00 in 2014; E-ZPass peak will increase from \$24.00 to \$42.00 in 2011 and to \$48.00 in 2014; E-ZPass weekday overnight for trucks will remain at \$16.50 in 2011 and increase to \$22.50 in 2014; and cash tolls at all times will increase from \$24.00 to \$51.00 in 2011 and to \$57.00 in 2014.

Class 4 vehicles - four axles: E-ZPass off-peak will increase from \$28.00 to \$52.00 in 2011 and to \$60.00 in 2014; E-ZPass peak will increase from \$32.00 to \$56.00 in 2011 and to \$64.00 in 2014; E-ZPass weekday overnight for trucks will remain at \$22.00 in 2011 and increase to \$30.00 in 2014; and cash tolls at all times will increase from \$32.00 to \$68.00 in 2011 and to \$76.00 in 2014.

Class 5 vehicles - five axles: E-ZPass off-peak will increase from \$35.00 to \$65.00 in 2011 and to \$75.00 in 2014; E-ZPass peak will increase from \$40.00 to \$70.00 in 2011 and to \$80.00 in 2014; E-ZPass weekday overnight for trucks will remain at \$27.50 in 2011 and increase to \$37.50 in 2014; and cash tolls at all times will increase from \$40.00 to \$85.00 in 2011 and to \$95.00 in 2014.

Class 6 vehicles - six axles or more, or combination of vehicles totaling at least six axles: E-ZPass off-peak will increase from \$42.00 to \$78.00 in 2011 and to \$90.00 in 2014, with \$13.00 additional for each axle over six in 2011 and \$15.00 in 2014, up from \$7.00; E-ZPass peak will increase from \$48.00 to \$84.00 in



2011 and to \$96.00 in 2014, with \$14.00 additional for each axle over six in 2011 and \$16.00 in 2014, up from \$8.00; E-ZPass weekday overnight for trucks will remain at \$33.00 in 2011 and increase to \$45.00 in 2014, with each additional axle over six remaining at \$5.50 in 2011 and increasing to \$7.50 in 2014; and cash tolls at all times will increase from \$48.00 to \$102.00 in 2011 and to \$114.00 in 2014, with \$17.00 additional for each axle over six in 2011 and \$19.00 in 2014, up from \$8.00.

Class 7 vehicles - recreational vehicles and Class 1 and 11 vehicles with trailers: E-ZPass off-peak will increase from \$11.00 to \$21.00 in 2011 and to \$25.00 in 2014, with \$11.00 additional for each axle over three in 2011 and \$13.00 in 2014, up from \$5.00; E-ZPass peak will increase from \$13.00 to \$23.00 in 2011 and to \$27.00 in 2014, with \$11.00 additional for each axle over three in 2011 and \$13.00 in 2014, up from \$5.00; and cash tolls at all times will increase from \$13.00 to \$29.00 in 2011 and to \$33.00 in 2014, with \$14.00 additional for each axle over three in 2011 and \$16.00 in 2014, up from \$5.00.

Class 8 vehicles - two-axle buses and mini buses: E-ZPass off-peak will increase from \$4.00 to \$10.00 in 2011 and to \$12.00 in 2014; E-ZPass peak will increase from \$4.00 to \$10.00 in 2011 and to \$12.00 in 2014; and cash tolls at all times will increase from \$6.00 to \$20.00 in 2011 and to \$22.00 in 2014.

Class 9 vehicles - three-axle buses and mini buses: E-ZPass off-peak will increase from \$4.00 to \$10.00 in 2011 and to \$12.00 in 2014; E-ZPass peak will increase from \$4.00 to \$10.00 in 2011 and to \$12.00 in 2014; and cash tolls at all times will increase from \$6.00 to \$20.00 in 2011 and to \$22.00 in 2014.

Class 11 vehicles - motorcycles: E-ZPass off-peak will increase from \$5.00 to \$9.00 in 2011 and to \$11.00 in 2014; E-ZPass peak will increase from \$7.00 to \$11.00 in 2011 and to \$13.00 in 2014; and cash tolls at all times will increase from \$7.00 to \$14.00 in 2011 and to \$16.00 in 2014.

Carpool Plan - Class 1 or 11 vehicles with three or more people: E-ZPass off-peak will increase from \$2.00 to \$6.00 in 2011 and to \$8.00 in 2014; and E-ZPass peak will increase from \$2.00 to \$6.00 in 2011 and to \$8.00 in 2014.

GREENPass - eligible low-emission Class 1 vehicles: E-ZPass off-peak will remain at \$4.00 in 2011 and increase to \$6.00 in 2014; and E-ZPass peak will increase from \$8.00 to \$12.00 in 2011 and to \$14.00 in 2014.

The Port Authority Staten Island Bridges Plan – The plan will increase from \$80 to \$120 for 20 trips in a 35-day period at the Goethals Bridge, Outerbridge Crossing and Bayonne Bridge in 2011; and the plan will increase to \$140 for 20 trips in a 35-day period in 2014.

#### PATH Fare Proposal

The basic PATH fare will increase from to \$1.75 per trip to \$2.75 in 2011. The fare for 10-, 20- and 40-trip SmartLink cards will increase from \$1.30 per trip to \$2.10 in 2011. The 1-day pass will increase from \$6.00 to \$8.25 in 2011. The 7-day pass will increase from \$18.00 to \$29.00 in 2011. The 30-day pass will increase from \$54.00 to \$89.00 in 2011. The senior fare will remain \$1.00.

The toll and fare increase in 2011 is expected to result in approximately \$720 million of additional annual revenue and the toll and fare increase in 2014 is expected to result in approximately \$290 million of additional annual revenue.

The Port Authority will conduct nine public hearings to provide more information and give the public the opportunity to comment on the toll and fare increases on August 16, 2011, at the following locations:

**Newark Liberty International Airport**

1 Conrad Road  
Building 157, Bay 3  
Newark, NJ 07114  
973-961-6161  
8 a.m.

**Port Authority Technical Center**

241 Erie Street, Room 212  
Jersey City, NJ 07310  
201-216-2700  
8 a.m.

**Port Ivory/Howland Hook**

40 Western Ave.  
Staten Island, NY 10303  
718-330-2950  
8 a.m.

**Port Authority Bus Terminal**

625 8th Avenue  
Times Square Conference Room – 2nd Floor  
New York, NY 10018  
212-502-2240  
8 a.m.

**George Washington Bridge Administration Building**

220 Bruce Reynolds Way  
Conference Room  
Fort Lee, NJ 07024  
201-346-4005  
6 p.m.

**Holland Tunnel Administration Building,**

13<sup>th</sup> Street & Provost Street  
Conference Room  
Jersey City, NJ 07310  
201-360-5021  
6 p.m.

**George Washington Bridge Bus Station**

4211 Broadway  
Lower Level Conference Room

New York, NY 10033  
201-346-4005  
6 p.m.

John F. Kennedy International Airport  
Port Authority Administration  
Building 14, 2nd Floor Conference Room  
Jamaica, NY 11430  
718-244-3501  
6 p.m.

Online Hearing, 2 p.m.  
[www.panynj.gov](http://www.panynj.gov)

Those wishing to speak at one or more of the public hearings are encouraged to pre-register online at [www.panynj.gov](http://www.panynj.gov) or by telephone at 212-435-6916. Prospective speakers may also register at the hearing location, and will be scheduled to speak after the pre-registered speakers have completed their statements. Deadline to register is 30 minutes after the start of each hearing. Comments will be limited to three minutes. Please refer to the Port Authority Web site, [www.panynj.gov](http://www.panynj.gov), for more information.

Written comments may be mailed to:  
Public Hearing Comments  
225 Park Avenue South, 18th Floor  
New York, NY 10003

Comments submitted online will be accepted through 6 p.m., August 16, 2011, via the web site [www.panynj.gov](http://www.panynj.gov)